

Ask the TIC

Doing Business in the Middle East

by Maria Mussler

Trade Information Center

The countries that make up the Middle East and North Africa have a combined population of over 321 million and form an area of tremendous strategic and economic importance to the United States. Most of these countries are WTO members or are seeking membership. Although doing business in the Middle East can present some unique challenges, many U.S. companies have found a lucrative market for their goods and services in the region. Many American products are widely used throughout the Middle East. Last year, the United States exported over \$24 billion worth of merchandise to the region. During the first eight months of this year, U.S. businesses exported goods and services valued at over \$12.1 billion to the region, with Saudi Arabia and Israel serving consistently as the largest Middle Eastern buyers of American goods. In fact, exports from the U.S. have become a part of daily life in the Middle East.

Moreover, the United States' free trade agreements (FTAs) with Israel and Jordan have further opened the way for American companies seeking to trade with Middle Eastern partners. When doing business in the Middle East, American businesses benefit greatly from basic knowledge of conditions and customs.



ARE THERE UNIQUE BUSINESS CUSTOMS?

Most of the countries are Westernized and familiar with the American system of doing business. However, a basic knowledge and understanding of general Middle Eastern customs and business practices can increase the likelihood of successful business negotiations and help avoid misunderstandings. The following is a brief list of some common customs that may make your meetings with a Middle Eastern partner more productive.

Greetings and Hospitality

Handshakes are a typical greeting in the Middle East and are not only used during the first introduction, but also may be used each time two people meet, even numerous times in a single day. For example, the common practice in Saudi Arabia is to shake hands at first meeting and again upon leaving.

Typically, people throughout the Middle East maintain closer physical proximity while talking, and conversations often involve more physical contact than is common in the United States. Backing up to increase personal space may feel natural to an American, but this will likely be seen as impolite or rude by an Arab or Israeli partner. However, when speaking with a

person of the opposite sex, a respectful distance is best. Also, avoid sitting or crossing your legs in such a way that the bottom of your foot faces anyone. This is considered rude.

Middle Eastern hosts tend to be very hospitable and regard treating guests with generosity and warmth as a point of personal honor. In Arab countries, lengthy small talk and ritualized greetings serve an important function, establishing friendly relations at the beginning of a meeting. Tea or coffee is typically offered by the host and should be accepted by the guest; to reject the offer may be seen as an affront.

When a guest in an Arab person's home, avoid giving gifts of food or drink. Though this may be common practice in the United States, in the Middle East such gifts imply that the host is inadequate. Gifts of liquor should definitely be avoided in Islamic countries, as alcohol is prohibited by the Muslim faith. In Israel, gifts of food or drink are acceptable, but one should ensure that the items are kosher, particularly in the case of Orthodox Jews.

Punctuality and Scheduling

Punctuality is not rigidly observed in many Middle Eastern countries. However, though Middle Eastern associates may be late, foreigners are expected to be punctual. Businesspeople should avoid the appearance of being in a hurry or impatient. Checking one's watch in a meeting can be deemed offensive.

Business hours differ from country to country and, in some cases, from city to city. You can find more information about business hours around the Middle East in the *Country Commercial Guide* for each country. You can access these sources of market research, prepared by U.S. Commercial Service staff abroad, at www.export.gov. Choose "Country and Industry Market Research" from the menu on the left side of the page, and follow the prompts for "Country Commercial Guide."

Language

Though English is widely spoken in the business community, and many are educated in the United States, it is wise to have business cards printed both in English and in Arabic, or in the case of Israel, in English and Hebrew.



WHERE CAN I FIND OUT ABOUT BUSINESS HOLIDAYS?

Information about business holidays can be found on the Trade Information Center site at www.export.gov/tic. Select "Country Information" and then choose "Business Holidays" from the list on the left. Business travel to Israel during the 10-day period between Rosh Hashanah and Yom Kippur is best avoided. These are the "high holidays," the most important Jewish holidays, typically falling within the month of September. Travel to Muslim countries during the holy month

of Ramadan may also pose a unique challenge. To observe this holiday, Muslims fast for a full month, refraining from eating or drinking from sunrise to sunset every day, and focusing on contemplation and worship. Office hours are typically shortened and shifted to the evening, and people may be affected by the fasting and customary late-night social gatherings.



ARE THERE SPECIAL DOCUMENTS REQUIRED TO EXPORT TO THE MIDDLE EAST?

The documentary requirements for exports to the Middle East vary by country. Arab countries require that commercial invoices be certified either by the National U.S.-Arab Chamber of Commerce (www.nusacc.org or tel: (202) 289-5920) or, in the case of the United Arab Emirates, by the Arab American Chamber of Commerce (www.arabchamber.org/uae/index.htm) and legalized by each respective country's consulate. A list of foreign embassies and consulates in the United States is available on the Trade Information Center Web site at www.export.gov/tic. Choose the link titled "Trade Offices Nationwide."

In order to take advantage of the free trade agreements with Israel and Jordan, a unique certificate of origin must be completed. For goods to meet these FTAs' standards, they must have been made entirely in the United States, and any third-country materials must have undergone a "substantial transformation" in the manufacturing process. In addition, at least 35 percent of the customs value of the product must be attributed to U.S.-origin materials. Finally, the good must be shipped directly from the United States to its partner country. The certificate of origin for Israel can be obtained from the America-Israel Chamber of Commerce (www.americaisrael.org). The chamber of commerce in the exporter's area must notarize the certificate of origin for Jordan. To learn more about these certificates of origin or about the specific documents required for each Middle Eastern country, call the Trade Information Center. Finally, some Middle Eastern countries require that documents used in international transactions be authenticated (www.state.gov/m/a/auth).



HOW CAN I MONITOR TRAVEL ADVISORIES FOR A SPECIFIC COUNTRY?

The U.S. Department of State maintains information about country conditions around the world. For information concerning travel advisories, medical facilities, traffic safety/road conditions, crime, and other related issues, as well as entry requirements and visa information, see the *Consular Information Sheet* for individual countries at www.travel.state.gov or by auto-fax at (202) 647-3000.



ARE THERE ANY SPECIAL CONSIDERATIONS FOR MARKETING PRODUCTS IN THE MIDDLE EAST?

When marketing products overseas, regardless of the location, businesses should keep their target audiences in mind and be sensitive

to local conditions. The countries of the Middle East and North Africa are not a monolith; there are, of course, significant differences between countries. Racy advertisements may be deemed offensive in Islamic countries given their more traditional standards of dress and behavior, particularly for women. Advertisements featuring alcohol or pork products are also likely to be poorly received. Use of Arabic and Hebrew script should be done carefully to avoid situations like that, which befell a company that printed an Arabic phrase on bath towels, not realizing that the phrase had religious connotations.



ARE THERE PARTICULAR SECURITY CONSIDERATIONS OR RESTRICTIONS?

American companies are generally prohibited from trading with Iran, Libya, Sudan, and Iraq. There are limited exceptions to these sanctions, primarily involving the export of food, medicine and medical supplies, as well as trade in informational materials. The export to Iraq of some oil field equipment may qualify for a license under the terms of the U.N. Oil-For-Food Program. To learn more about U.S. sanctions, contact the U.S. Treasury Department's Office of Foreign Assets Control at (800) 540-6322 or visit www.treas.gov/ofac.

Commerce Under Secretary for Industry and Security Kenneth I. Juster recently reminded U.S. companies of the need to comply with laws and regulations prohibiting U.S. persons from taking actions in support of foreign government boycotts against Israel. Questions concerning the Commerce Department's anti-boycott regulations can be directed to its Office of Antiboycott Compliance at (202) 482-2381.

American companies are obligated to conduct due diligence to ensure that they comply with all U.S. regulations, including country embargoes, license requirements, and prohibited party bans. For more information about these lists and other export controls, see the article titled, "Export Controls," at www.export.gov/tic, under the "Answers to Your Export Questions" link.

For more information about any of the topics addressed in this article, or other export-related questions, contact the Trade Information Center. ■

The Trade Information Center (TIC) is operated by the International Trade Administration of the U.S. Department of Commerce for the 19 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. government's export promotion programs and activities. You, too, can "Ask the TIC" by calling (800) USA-TRAD(E) toll free, Monday through Friday, 8:30-5:30 EST. Or visit the TIC's Web site at www.export.gov/tic.